

Introduced by Senator Speier

February 22, 2005

An act to add Section 84040.7 to the Education Code, relating to community colleges.

LEGISLATIVE COUNSEL'S DIGEST

SB 709, as introduced, Speier. Community colleges: audits.

(1) Existing law establishes the California Community Colleges under the administration of the Board of Governors of the California Community Colleges. Existing law authorizes the establishment of community college districts under the administration of community college governing boards, and authorizes these districts to provide instruction at community college campuses throughout the state. Existing law establishes a system for the apportionment of state funding to community college districts. This system is generally based on calculations related to the number of full-time equivalent students (FTES) in attendance at each district.

Existing law requires the governing board of each community college district to provide for an annual audit of all funds, books, and accounts of the district in accordance with regulations of the board of governors. Existing law also requires the board of governors, in cooperation with, and upon approval by, the Department of Finance, to prescribe the statements and other information to be included in the community college districts' audit reports.

This bill would further require that the annual audits of community college districts include examinations of whether districts are accurately reporting student enrollment for the purpose of state apportionments. The bill would require random checks of attendance at classes for which apportionment is claimed. The bill would require that, at least twice each year, the paycheck envelopes issued to

community college faculty shall contain the Web site address and hotline telephone number for reporting suspected improprieties to the Office of the Inspector General of the United States Department of Education. To the extent that this bill would impose new duties on community college districts, it would constitute a state-mandated local program.

The bill would require the board of governors to establish a system for collecting information from students regarding errors in the reporting of classes on transcripts. The bill would also require the board of governors to examine the formula that determines the level of funding for both credit and noncredit classes for the purpose of determining whether the formula should be amended in a manner that would help prevent errors and misrepresentations by community college districts in the reporting of class enrollment for apportionment. The bill would require the board of governors to report its findings and recommendations in this regard, in writing, to the Director of Finance and the Legislature on or before October 1, 2006.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 84040.7 is added to the Education Code,
- 2 to read:
- 3 84040.7. Notwithstanding any other provisions of law:
- 4 (a) The Department of Finance shall require both of the
- 5 following:
- 6 (1) That the annual audit of a community college district that
- 7 is performed pursuant to Section 84040 examines whether
- 8 community college campuses are properly reporting student
- 9 enrollment for the purposes of state apportionments.

1 (2) That random checks of attendance are done for all classes
2 for which apportionment is claimed to determine each of the
3 following:

4 (A) That classes reported for apportionment purposes are
5 accurately and adequately described in the course descriptions
6 used by that campus.

7 (B) That classes for which apportionment is claimed are
8 recorded on the transcript of each attending student.

9 (C) The extent of compliance with special regulations
10 regarding claiming apportionment for distance learning, tutoring,
11 and other special classes.

12 (D) That all classes for which apportionment is claimed are
13 published in an official campus schedule of classes.

14 (b) (1) At least twice each year, the paycheck envelopes
15 issued to community college faculty shall contain the Web site
16 address and hotline telephone number for reporting suspected
17 improprieties to the Office of the Inspector General of the United
18 States Department of Education.

19 (2) The board of governors shall establish a system for
20 collecting information from students regarding errors in the
21 reporting of classes on transcripts. The board of governors shall
22 provide that each student transcript shall have an annotation that
23 states that, if a student notes that a class that has never been taken
24 appears on his or her transcript, the student shall report that fact
25 to an entity identified by the board of governors. The board of
26 governors shall establish a method for tracking errors at each
27 community college district for the purposes of determining
28 whether a pattern of errors would warrant an audit of a specific
29 community college campus or district.

30 (c) On or before July 1, 2006, the board of governors shall
31 examine the formula that determines the level of funding for both
32 credit and noncredit classes for the purpose of determining
33 whether the formula should be amended in a manner that would
34 help prevent errors and misrepresentations by community college
35 districts in the reporting of class enrollment for apportionment.
36 The findings and recommendations of the board of governors
37 with respect to this matter shall be reported, in writing, to the
38 Director of Finance and the Legislature on or before October 1,
39 2006.

1 SEC. 2. If the Commission on State Mandates determines that
2 this act contains costs mandated by the state, reimbursement to
3 local agencies and school districts for those costs shall be made
4 pursuant to Part 7 (commencing with Section 17500) of Division
5 4 of Title 2 of the Government Code.

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